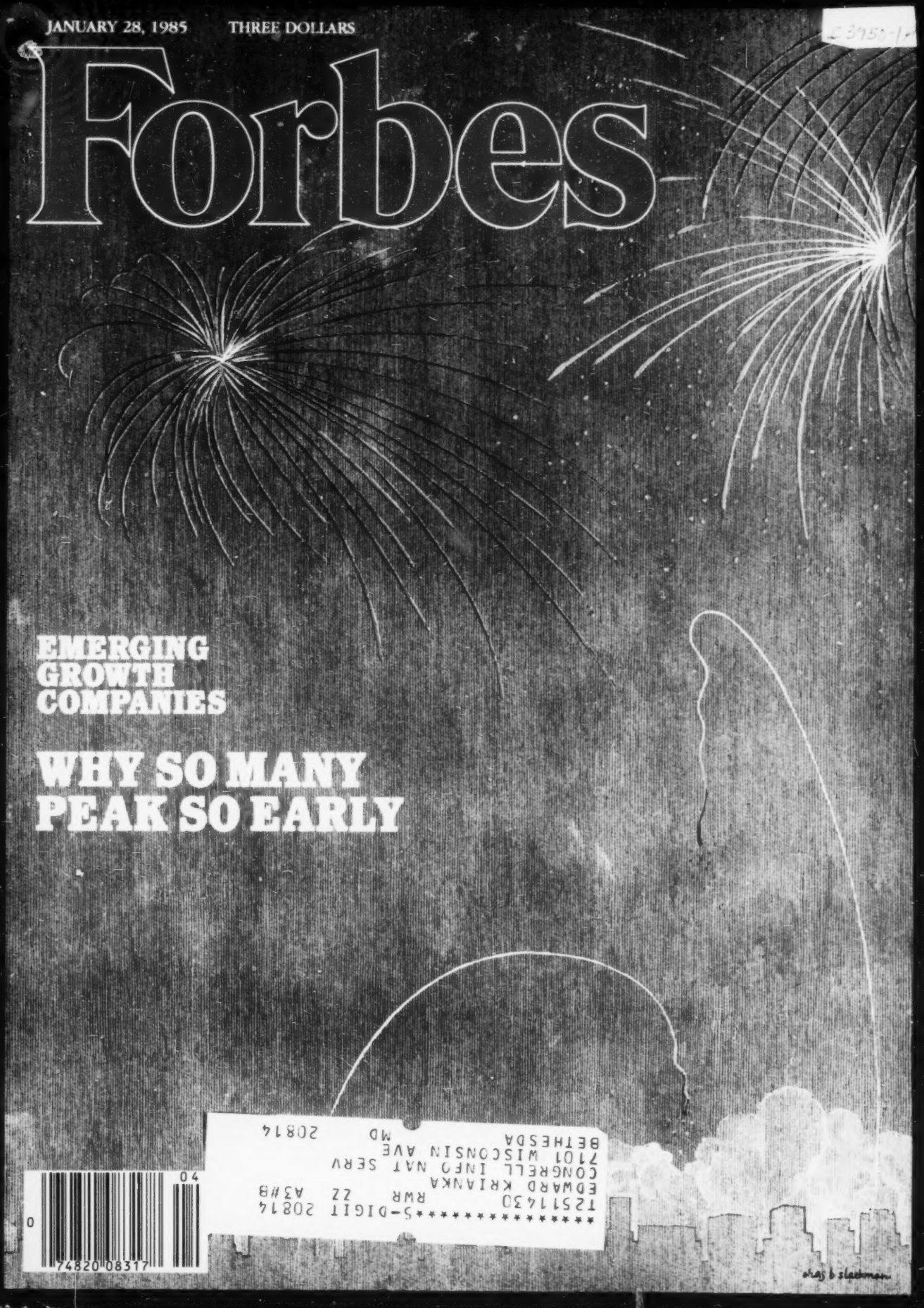
JANUARY 28, 1985 THREE DOLLARS

C 3750-1

Forbes



EMERGING GROWTH COMPANIES

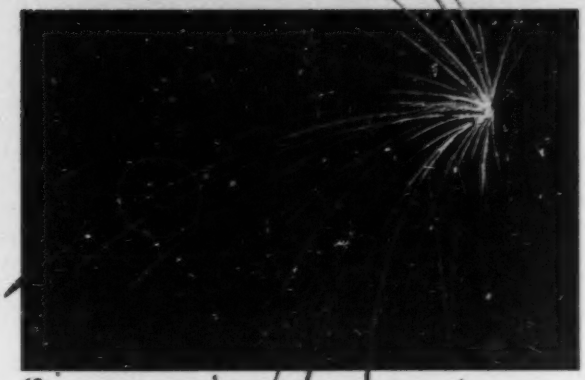
WHY SO MANY PEAK SO EARLY

EDWARD KRIANKA RWR ZZ A3#B
T2511430 *********5-DIGIT 20814
CONGRELL INFO NAT SERV
7101 WISCONSIN AVE
BETHESDA MD 20814

04
0 74820 08317

Forbes

January 28, 1985
Volume 135
Number 2



69

31

The editorial index of companies referred to in this issue is on page 130.

Companies

31 FPL Group, Inc.
Electric utilities as cash cows? As takeover targets? Don't laugh, says Marshall McDonald.

34 International Harvester
Can the stripped-down Harvester become another Chrysler? No, says Chairman Don Lennox. But its chances for survival are good.

36 Volkswagen
VW used to have a special place in the heart of the consumer, but, admits Carl Hahn, "we lost it. We have to reconquer it. We're in the process of doing it."

37 Amfac
A corporate dismemberment waiting to happen?

44 Carter Hawley Hale
Philip Hawley has bought himself another chance. But it is almost certainly his last one.

46 Virginia Hot Springs, Inc.
In the middle of the Allegheny Mountains, a famous hotel and an aggressive little growth company.

51 K mart
Bernard Fauber is fast pushing the nation's second-largest retailer into the do-it-yourself market. He may wind up banging his thumb with the hammer.

54 Rubbermaid, Inc.
Did all that blood have to run? Yes, says Stanley Gault.

58 Ashland Oil
Orin Atkins sold off most of its oil and gas reserves at bargain prices. John Hall is trying to replace them at high prices. What goes on here?

64 Zale Corp.
It made its mark selling diamond jewelry, not gold. But gold turns over faster.

69 Cover Story: Peaking Early
With far too many growth companies, there is a good chance that the bandwagon is headed for the cliff just when investors jump on. Here's why.

76 The Up & Comers
Kelly-Moore Paint Co.; Seton Co.; Royal Silk.

111 Becton Dickinson
Why is its stock faring so well in an uncertain climate for the rest of the hospital and laboratory supply industry? There's a reason.

The Law

80 The Descendants Of John Palmer Parker
He was quite a fellow—a New England seaman who jumped ship off the coast of Hawaii in 1809, married the granddaughter of King Kamehameha and founded one of the largest ranches in the U.S. Now his 200-odd descendants are fighting a battle royal over it.

Departments

6 Side Lines
8 Trends
10 Follow-Through
14 Readers Say
17 Fact and Comment
20 Other Comments
23 Fact and Comment II
131 Flashbacks
132 Thoughts

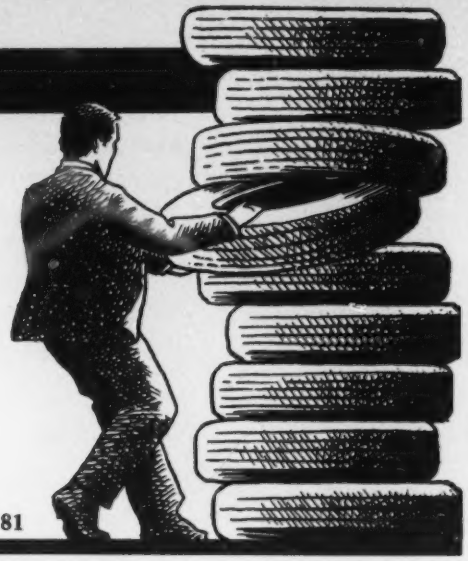
Money & Investments

25 What's Ahead For Business
26 The Forbes Index
107 The Forbes/Wilshire 5000 Review

Columnists

119 Ben Weberman
120 Susan Lee
122 Ann C. Brown
124 Srully Blotnick
126 Kenneth L. Fisher
128 Stanley W. Angrist
129 Ashby Bladen

58



81

81 On The Docket: The Meaning (If Any) Of Prudence
When it comes to trust management, don't ask the courts. So far, they've been of precious little help. Witness the Firestone case.

The Economy

33 How Much Is The U.S. Worth?
A great deal—in round numbers, about $13 trillion. The bad news: That net worth hasn't been growing.

42 As I See It: Leonard Silk
An academic's hopeful liberalism tempered by a reporter's requisite cynicism.

Taxes

62 California's Conundrum
If it doesn't reform its unitary taxation system, it will keep losing investment to other states. But if it does. . . .

84 Taxing Matters: Personal Holding Companies
They can provide good tax savings for insiders and some investors. Caution: Congress doesn't like them.

Wall Street

110 Streetwalker
Swift Independent Corp.; Growth Fund of Florida; Sterling Drug Inc.; ASA Ltd.

112 The Funds: How They Did In The Second Half
The performances of 317 open-end and balanced mutual funds in the last six months of 1984.

Numbers Game

86 The Worst Pension Reform Of The Decade
It's the 1980 Multiemployer Pension Plan Amendments Act. It means, among other things, that if you want to go out of business, you may not be able to afford to.

Marketing

88 Is The Price Of Software Too High?
To find out, Martel Firing decided to drop the price of his Intuit software package from $395 to $50. Here's what happened.

Technology

90 Fresh-Frozen Body Parts
While artificial hearts get the headlines, the use of frozen, replaceable human organs is a growing field.

Careers

94 Like Father, Like Son
There's a lot to that when it comes to business success, as CEOs of some of the country's biggest corporations tell FORBES.

Personal Affairs

98 Private Varnish
It's still possible to own your own railroad car. But even a robber baron might blanch at what it costs these days.

Faces Behind the Figures

100 Richard Braddock, *Citicorp*
100 Michel Marks, *New York Mercantile Exchange*
104 Sir Adrian Cadbury, *Cadbury Schweppes*
105 Clay Whitehead, *Coronet*

January 28, 1985 Volume 135 Number 2 Forbes (ISSN 0015 6914) is published biweekly, except weekly during two weeks in April and two weeks in October, by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $42 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

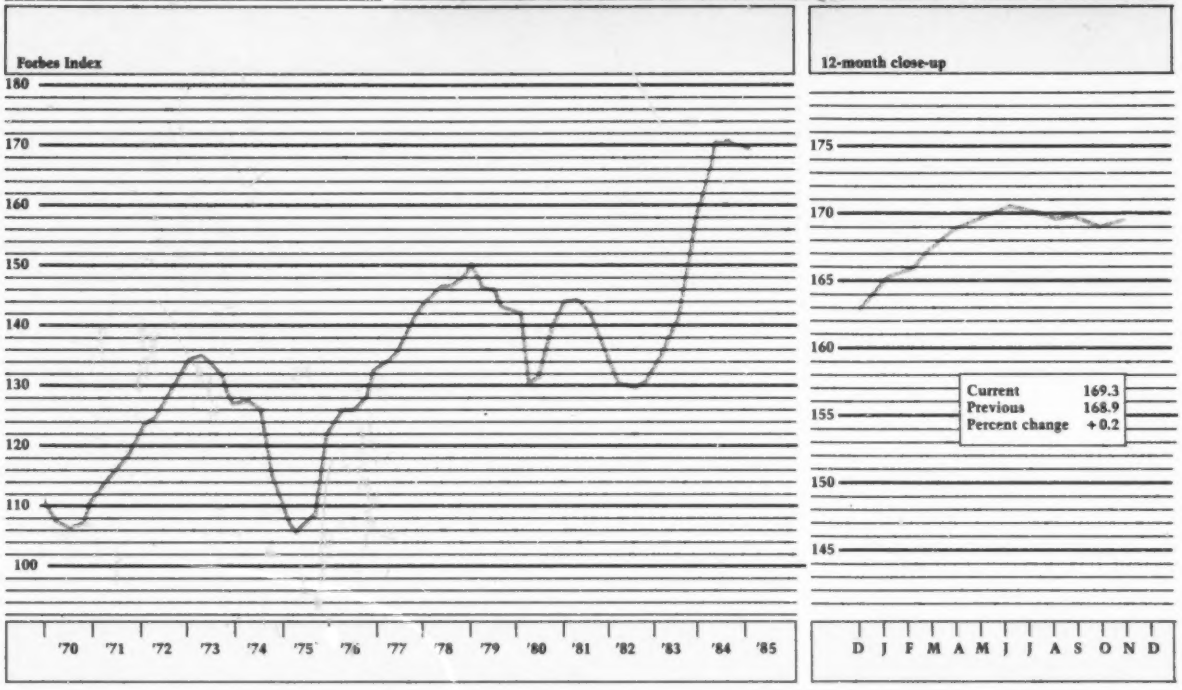
Copyright © 1985 Forbes Inc. Title is protected through a trademark registration in the U.S. Patent Office.

Forbes does not supply back issues or copies of individual articles nor can it provide information on the contents of earlier issues. Photocopies may be ordered from University Microfilms International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. The full text of each issue of Forbes is also available electronically on Nexis. Abstracts of selected articles or issues are available on the New York Times Infobank (through Nexis), Dialog and Dow Jones News/Retrieval. Information on the contents of issues can be found in *Readers' Guide to Periodical Literature* or *Business Periodicals Index*, both published by the H.W. Wilson Co. and found in most libraries.

Cover illustration by: Chas. B. Slackman

Edited by Steve Kichen

The Forbes Index



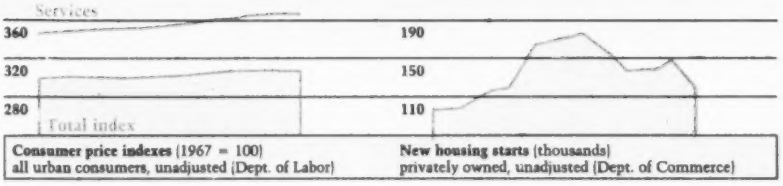
Not going down easily. The economic recovery still appears to be cooling down, but the Forbes Index broke away from its downward course and registered a 0.2% rise in the latest reporting period. Most recent figures for manufacturers' new orders show a 7.8% month-to-month increase. Meanwhile, inventories are down 0.1% from the previous month. The favorable relationship between the most recent monthly figure for inventories and the three-month total for new orders helped push up the Forbes Index.

Good news also comes from the inflation front. The overall Consumer Price Index shows virtually no change from the previous month. And the services component of the CPI shows a monthly rise of less than 0.1%, or only 0.6% on an annualized basis.

The Forbes Index Components

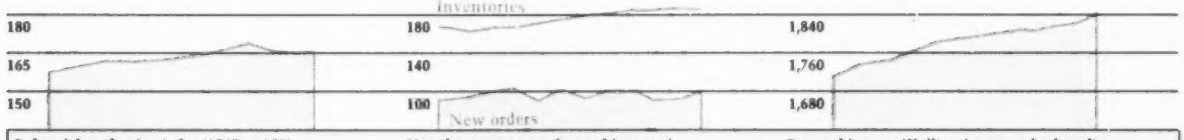
The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 13 months' data for each series is presented at right.



Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)

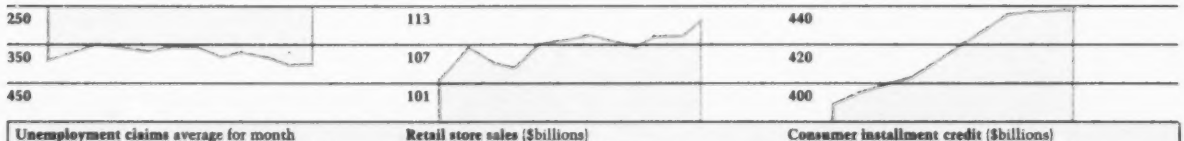
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



Industrial production index (1967 = 100) Seasonally adjusted (Federal Reserve)

Manufacturers new orders and inventories ($billions) seasonally (Dept. of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)

Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

D J F M A M J J A S O N D J D J F M A M J J A S O N D J D J F M A M J J A S O N D J

Forbes

Electric utilities as potential takeover targets? It sounds weird only until you see the amount of excess cash flow some of them will soon be generating.

Many happy returns

Susan Greenwood/Gamma-Liaison

FPL Group President Marshall McDonald
For widows and orphans, some lower-risk diversification.

By James Cook

"IF A YEAR OR TWO AGO somebody had said the utilities were an industry subject to takeover, I'd have asked what they were smoking," says Marshall McDonald, president and chief executive of Miami's newly formed FPL Group, Inc. "Now I'm not so sure. There may be utilities in the North and elsewhere that have become, in the classic sense, cash cows *[see table, p. 32]*. They've got decreasing demand and great overcapacity."

McDonald doesn't consider the FPL Group vulnerable. But just to be sure, he worked some antitakeover provisions into the Dec. 31, 1984 scheme that converts Florida Power & Light into a subsidiary of the holding company called FPL Group. McDonald is frank to admit that over the next few years FP&L will be generating more cash than it knows what to do with, just like those emerging cash cows to the north.

The problem, if that is the word, is that the utility industry's present construction program is winding down. As it does, the companies won't have to plow back anywhere near so much of their earnings into the business as they did in the past. FP&L's capital outlay peaked at $930 million in 1982 and has since dropped to $721 million. McDonald expects it to stay around that level over the next several years.

There's an even bigger cash kicker. As that new plant finally goes into operation, noncash earnings imputed to funds invested in construction are replaced with cash earnings produced by the actual operating facilities. In the year ended September, for instance, FP&L earned $277 million, about what it did in 1983. But in 1983 only $136 million of that was in cash, vs. $218 million last year. Result: FP&L's cash holdings rose from $5.4 million to $133 million in a year and are likely to go on rising.

No surprise, then, that FP&L's strategy these days is to invest as little as possible in new utility plant and equipment. In the Seventies McDonald was quick to cut FP&L's construction program in line with its faltering demand, so that today FP&L's own capacity is barely large enough to meet its customers' present needs. Yet, despite steady increase in demand in prospect over the next few

A herd of cash cows?

As the utility industry's construction program winds down, many companies are beginning to generate more cash than they can use in their present construction programs. Some may increase their dividends as a result, some diversify into other things, and some conceivably even become takeover targets. The table below, based on estimates made by Salomon Brothers, details how excess cash is beginning to build up in some of the larger utility companies. The companies are generating excess cash when the ratio is better than 1-to-1.

Boston Edison	$187	$170	0.91	$118	$170	1.44	$151	$170	1.13
Carolina Power & Light	704	220	0.31	511	313	0.61	436	534	1.22
Consumers Power	600	240	0.40	175	225	1.29	150	225	1.50
Delmarva Power & Light	80	122	1.52	69	117	1.70	83	114	1.37
Detroit Edison	696	90	0.13	387	392	1.01	211	561	2.66
Duke Power	560	617	1.10	626	664	1.06	600	733	1.22
Gulf States Utilities	408	81	0.20	322	81	0.25	252	504	2.00
Illinois Power	434	89	0.21	333	68	0.20	170	180	1.06
Northeast Utilities	517	280	0.54	490	159	0.32	239	388	1.62
Oklahoma Gas & Electric	138	111	0.80	141	128	0.91	127	140	1.10
Pacific Gas & Electric	1,638	1,060	0.65	1,747	1,229	0.70	1,587	1,726	1.09
PacifiCorp	355	434	1.22	370	391	1.06	302	536	1.78
Pennsylvania Power & Light	387	107	0.28	293	376	1.28	292	460	1.58
Portland General Electric	97	190	1.96	121	194	1.60	136	190	1.40
San Diego Gas & Electric	248	160	0.65	242	228	0.94	247	306	1.23
Scana	266	168	0.63	111	164	1.48	116	158	1.36
Wisconsin Electric Power	146	202	1.38	177	118	0.67	138	187	1.36

years, it has no intention of building new capacity. Instead, it expects to ride on the excess capacity its neighboring utilities have been bringing in all over the South. FP&L has a 20% interest in a 550-megawatt project Jacksonville Electric will bring on in 1987 and 1988. It has already arranged to buy power under a long-term contract from the Southern Co., at less cost than if it had built a new plant of its own. With such outside resources available, FP&L may not have to begin thinking of building any new generating capacity until after 1990.

So FP&L has neither the need to invest as much as before nor as much incentive to do so. A year or so back, when FP&L asked for a $335 million rate increase, the Florida Public Service Commission allowed it only $81 million. That seemed to indicate which way the wind was blowing. As FP&L President John Hudiburg complains, "The commission has demonstrated that they allow increases that recover only part of our higher costs. With this scenario, the prospects for adequate earnings for our shareholders are quite difficult to achieve."

That, in the end, is why McDonald turned FP&L into a holding company. If you can't generate adequate earnings in the power business, you sensibly try to generate them elsewhere, outside the utility business, exempt from both state and federal regulation. Why not? Regulation drove the railroads and natural gas companies to diversify years ago. Why shouldn't electric utilities follow suit?

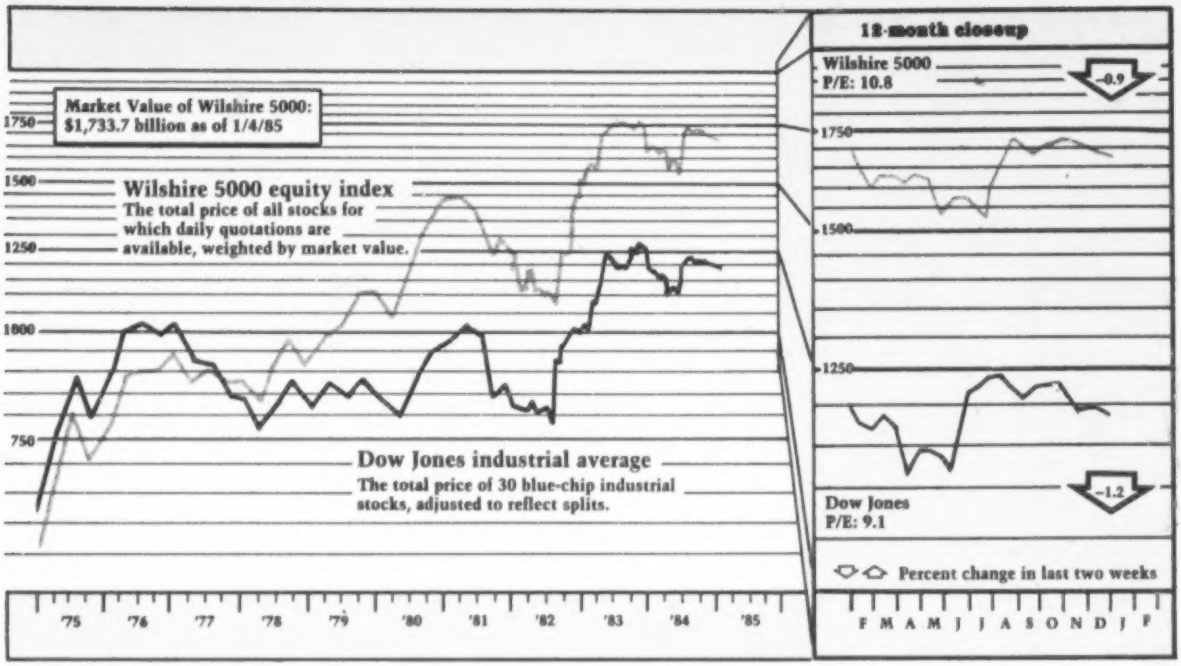
Diversifying won't impair FP&L's utility operations at all, McDonald maintains. Insofar as it strengthens the company overall, it should enable the utility to borrow money on a more favorable basis. Nevertheless, he is uneasy about how the Florida PSC will take to the idea. Outside an initial $200 million (and maybe $75 million a year in proceeds from the company's dividend investment plan), McDonald is evasive about just how much the holding company plans to invest. He's a lot more forthcoming about his investment objectives—to earn at least 2 points more than the 15.6% return FP&L is allowed to earn on its investment, never mind the 12.4% it actually does earn.

At this point, McDonald expects to diversify into businesses where FPL can put into use some of the service and real estate skills it already has: industrial and commercial real estate development (including housing for senior citizens), cable television, central station security and medical alert services for the elderly. He hopes to make his first move before the end of 1985. He expects FPL will be generating between 15% and 20% of its earnings from nonutility operations by 2000. If his plans pay off, the effect should be visible long before that. A 17% return on even that initial $200 million investment would produce $3.4 million, or 6 cents a share.

That sounds pretty promising. But what if the regulators should decide they could justify holding rates down because the company now had other sources of income? Isn't the company worried that FPL will be accused of disinvesting in an essential public service, just as the railroads and natural gas companies were before it?

"A stockholder raised that question at the special shareholders meeting," McDonald says. "She said she had bought stock in a utility that hadn't any risk, and now we were going to spend its money on risky activities. My answer was that, since 1970, this has turned from a widows' and orphans' industry into one of the highest-risk industries there is, so high a risk that some of our sister companies may even go bankrupt. In my opinion, I'm making it a less risky investment by diversifying than it's been for quite a while." ■

The Forbes/Wilshire 5000 Review



Secondary issues hang tough while the rally fizzles. The Dow racked up a nearly 35-point gain during one trading day in mid-December, but the blue chips, once more, couldn't follow through on this spectacular advance. Over the last two weeks the 30 Dow industrials declined 1.2%, and the more than 5,600 stocks that make up the Wilshire index slipped 0.9%. This time, however, Amex and NASDAQ-listed shares bucked the trend and registered slight gains of 0.4% and 0.8%, respectively. And it is NASDAQ issues that show the best four-week performance, with a 3% gain.

Recent strength notwithstanding, secondary stocks underperformed primary issues by a wide margin last year. For the last 52 weeks the NASDAQ is behind 14.5%, vs. a 3.2% decline in the NYSE. Over the same stretch, high-volatility shares dropped 18.1%, while low-volatility issues appreciated 10.3%. Issues priced under $4 fell 21.6%, while shares priced over $40 rose 0.9%. And stocks that don't pay a dividend are off 15.2%, while issues with yields over 7.5% are up 7.2%. Investors would profit handsomely if secondary issues were only to make up their losses of the last year. But Wall Street will probably wait for a sustainable rally in primary stocks before falling in love again with secondary issues.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.3	0.9	1.9	1.2	0.1	3.0
in last 52 weeks	-5.4	-2.3	-7.9	-3.2	-11.2	-14.5

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.3	1.6	5.0	1.8	3.5	2.0	1.9	3.9	3.9	2.0	2.0	2.0
in last 52 weeks	-4.3	-12.2	-18.1	10.3	-22.9	3.2	7.2	-15.2	-14.6	7.6	0.9	-21.6

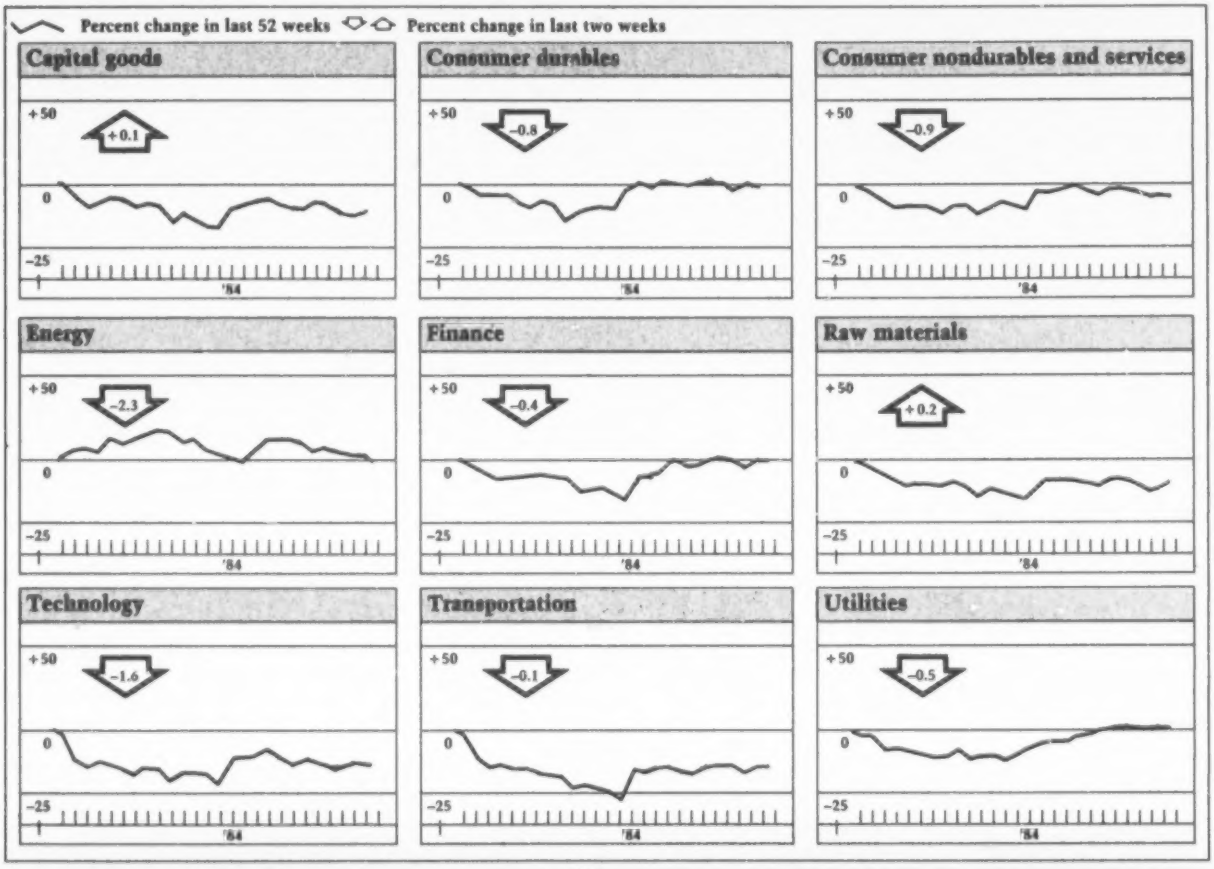
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 1/4/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Kenneth Alcorn

Where The Action Is

The oils suffer another letdown. While T. Boone Pickens made off with millions from his aborted run at Phillips Petroleum, other investors who hoped to ride on his coattails were not so lucky. A more than 10-point slide in Phillips Petroleum during the last two weeks drove the energy sector to a 2.3% decline, the poorest two-week performance of the lot. Not far behind were technology shares, which registered the second-worst record for the last ten trading days, with a 1.6% loss. They also have the worst 52-week record, with a 15.8% loss. For the last two weeks one other group fared as poorly as the Wilshire index—consumer nondurables, which fell 0.9%. Meanwhile, two sectors eked out slight gains: raw materials, up 0.2%, and capital goods and services, up 0.1%.



What The Analysts Think

Last-minute revisions. During the last two weeks, as analysts put the final touches on their 1984 earnings estimates, they made slight upward revisions for two groups—energy and transportation. Wall Street's earnings estimates were virtually unchanged for capital goods but were lowered for the six remaining sectors.

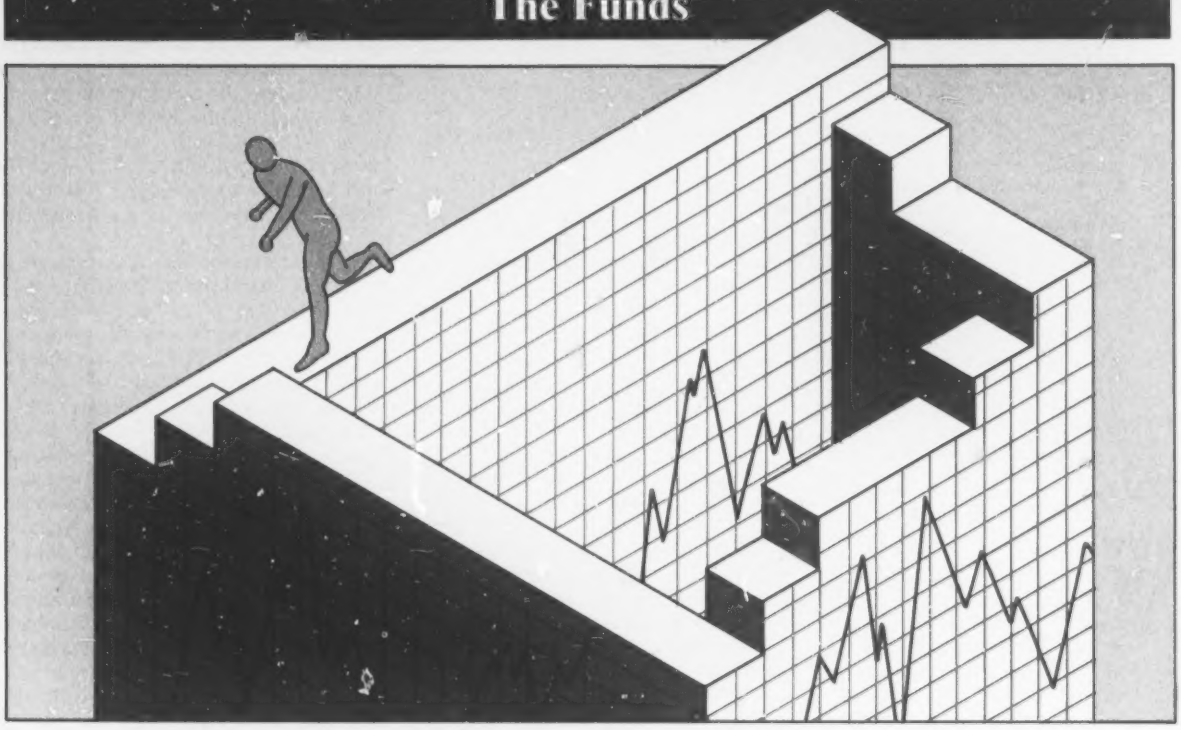
Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.81	9.6
1984 estimates	3.95	9.3
1985 estimates	4.60	8.0

Rank based on change in estimate	Sector	Estimated 1984 EPS	Estimated 1984 P/E	% change in 1984 estimate in 2 weeks	% change in 1984 estimate in 4 weeks
1	Energy	$3.72	7.8	0.39%	-0.23%
2	Transportation	2.60	9.3	0.14	-0.68
3	Capital Goods	2.56	12.2	0.00	-0.75
4	Utilities	3.33	7.4	-0.06	-0.01
5	Consumer nondurables	2.63	11.5	-0.22	-1.01
6	Consumer durables	4.68	8.1	-0.23	-0.40
7	Technology	2.82	11.8	-0.44	-3.92
8	Raw materials	2.27	10.9	-1.16	-3.43
9	Finance	2.80	10.0	-1.55	-2.32

Earnings projections are capital-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 1/4/85. Prepared by Wilshire Associates, Santa Monica, Calif., IBES, a service of Lynch, Jones & Ryan, New York.



Did you think the income-oriented funds were boring? Well, in the last half of 1984 they were boring all the way to the bank.

Making money the slow way

By Laura R. Walbert

The SECOND HALF OF 1984 left most fund managers and investors with little to cheer about. While Standard & Poor's 500 was up 11.7% and the broader Wilshire 5000 earned 10.6% for the period (both including reinvested dividends), the typical mutual fund did worse. For the 317 funds listed here—representing the open-end stock and balanced funds rated in FORBES' annual survey—the average gain was 7.8%, and only 123 beat the Wilshire 5000.

The best performers were the income-oriented funds. Vanguard Qualified Dividend Portfolio I topped the charts for the six months with a 29.6% return, and Franklin Custodian Utilities Series was second with 25.2% *(see box opposite)*. Notably absent among the leaders were pure capital appreciation and growth funds.

The equity market was tougher and more lackluster than the S&P's 500's 11.7% gain might convey, and it was easy to miss out. Profits came in a quick now-you-see-it-now-you-don't rally during the dog days of early August, when fund managers are more likely to be combing the beach for shells than sifting through research reports for stock picks. Says John Neff, manager of Windsor Fund, a FORBES honor roll member (see Annual Mutual Fund Survey, *Aug. 27, 1984*), "Those three days were the whole thrill, and it kind of pooped out from there."

Likewise, it was a lean year for equity fund salesmen. Net sales of equity funds totaled $8.1 billion, down from 1983's record $13.2 billion. Only $2.7 billion of equity funds were sold after June. But investors rushed to bond and income funds, pushing net sales of all funds excluding money market and other short-term funds to a record $26.1 billion for the year, ahead of 1983's $25.6 billion.

Still, investors who stuck with steady winners from the past could have chalked up some impressive returns. Windsor Fund, with an average annual return of 23.5%

over the last 10 years, jumped 22.4% during the last half of 1984. Neff, who has run the fund for 20 years, attributes his success to shunning glamour issues. He says, "We didn't do too much in that six-month period, which maybe says a lot." Some of Neff's best stocks included the regional Bell operating companies, regional banks and even oils. Two Windsor holdings, Exxon and Royal Dutch/Shell, rose 20.4% and 9.7%, respectively, during 1984.

A fund, of course, can't be judged solely on six months. And not all FORBES honor roll members did particularly well during 1984's last half. The market was rough on small stocks, and Over-The-Counter Securities Fund gained only 4.8%. American Capital's Comstock and Venture funds, both capital appreciation funds, earned only 3.9% and 3.5%, respectively.

At The Guardian Park Ave. Fund, an honor roll member with a 14.8% return for the period, manager Charles Albers got his biggest kick from stocks such as Gibson Greeting Cards, General Dynamics Corp., Rite-Aid Corp. and Mayflower Corp.

Out in Milwaukee, Albert Nicholas, manager of Nicholas Fund, produced a 13.7% return from July through December. Unlike many managers, Nicholas did not take refuge in high-yield securities. "We buy small to medium-size companies with low P/Es, and we didn't get into higher-yielding stocks and bonds," he says. Two of Nicholas' biggest gainers were life insurance companies, Northwestern National Life Insurance Co. and Protective Corp.

Meanwhile, George Vanderheiden produced Fidelity Destiny Fund's 14% second-half return by putting 30% of the fund into money-center banks, utilities and bonds. "My fund probably looked more like an income fund than it normally does," he admits.

Vanderheiden's colleague Peter Lynch, manager of Fidelity Magellan Fund, had a similar strategy. "In the first half of 1984, we had a higher than normal concentration of cyclicals, and it hurt. About midyear we cut that back and put the money into utilities, bonds, and the like," he says. That gave Lynch a 13.4% second-half gain.

These days Lynch is buying small nontechnology issues that were beaten down in the past 18 months. Lynch is calling for the market doldrums to end soon. He says, "I think we have a major rally ahead of us sometime in 1985." Wouldn't that be nice? ■

Half gainers

Income-oriented funds have had bigger gains of late than growth funds. Here are the best ten performers for the last half of 1984 among FORBES-rated, open-end funds.

Fund	Six-month return
Vanguard Qualified Div Port I	29.6%
Franklin Custodian Utilities Series	25.2
Energy & Utility Shares	24.0
Century Shares Trust	23.6
Windsor Fund	22.4
Franklin Custodian Income Series	21.1
Fidelity Income Fund	19.2
IDS Mutual	18.6
United Continental Income Fund	18.5
Kemper Income and Growth	17.9

Source: CDA Investment Technologies.

Six-month performance update

This table covers open-end stock funds and balanced funds whose performance histories go back far enough to have been rated in the annual FORBES survey of last August. Closed-end funds are not included.

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 (mil)
• ABT Growth & Income Trust	9.3%	10.9%	$ 133
Acorn Fund	12.1	23.6	208
ADV Fund	10.1	NA	33
• Affiliated Fund	15.8	17.2	2,042
Afuture Fund	-0.1	18.3	28
• Alpha Fund	8.8	15.9	31
• AMCAP Fund	8.4	24.4	1,014
• American Balanced Fund	14.3	15.3	120
• American Capital Comstock Fund	3.9	24.1	639
• American Capital Enterprise Fund	5.9	18.2	574
• American Capital Harbor Fund	6.5	17.1	173
• American Capital Pace Fund	8.0	27.9	1,225
• American Capital Venture Fund	3.5	29.0	403
• American Growth Fund	0.5	19.0	60
American Investors Fund	-5.9	9.2	90

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 (mil)
• American Leaders Fund	15.9%	NA	$ 61
• American Mutual Fund	13.1	19.3%	1,033
• American National Growth Fund	3.6	19.4	88
• American National Income Fund	3.6	NA	45
Armstrong Associates	2.9	NA	10
• Axe-Houghton Fund B	13.8	13.5	60
Axe-Houghton Stock Fund	9.7	11.1	94
Babson Growth Fund	8.3	16.2	114
Bowling Green Mutual Fund	7.4	14.4	2
BLC Growth Fund	3.9	15.4	17
• BLC Income Fund	11.9	18.1	25
Boston Co Capital Apprec Fund	14.4	13.5	248
• Boston Foundation Fund	15.3	14.6	29
Boston Mutual Fund	10.4	NA	5
Bull & Bear Capital Growth Fund	6.3	18.2	72

*Total return, including reinvested dividends, through 12/31/84. • load. NA: Not available. *Source: CDA Investment Technologies.*

The Funds

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 ($ mil)
Bull & Bear Equity-Income Fund	11.8%	14.7%	$ 5
• Bullock Fund	9.9	14.6	138
• Canadian Fund	10.9	9.9	23
• The Cardinal Fund	8.1	NA	21
Century Shares Trust	23.6	15.0	73
Charter Fund	7.1	20.7	74
• Chemical Fund	4.4	10.3	936
• CIGNA Growth Fund	7.5	14.4	184
• CIGNA Income Fund	12.0	10.1	195
• The Colonial Fund	12.4	13.5	89
• Colonial Growth Shares	8.5	13.1	65
• Colonial Option Income Trust	9.3	NA	1,481
Columbia Growth Fund	10.1	20.3	165
• Commerce Income Shares	15.0	12.7	50
• Commonwealth Fund Plans A&B	11.1	13.9	9
• Commonwealth Fund Plan C	10.4	12.6	35
Composite Bond & Stock Fund	12.4	13.1	25
Composite Fund	0.5	12.3	38
The Constellation Growth Fund	4.2	20.1	125
• Corp Leaders Tr Fund Cum Ser B	7.3	NA	49
• Country Capital Growth Fund	12.0	12.2	56
de Vegh Mutual Fund	6.4	11.9	52
• Decatur Income Fund	12.7	18.1	640
• Delaware Fund	15.6	18.1	297
• Delta Trend Fund	0.4	18.3	80
• Dividend Shares	12.3	13.7	270
Dodge & Cox Balanced Fund	11.1	13.5	39
Dodge & Cox Stock Fund	10.7	16.3	27
• The Drexel Burnham Fund	10.4	14.6	72
• The Dreyfus Fund	11.7	16.4	1,862
Dreyfus Growth Opportunity Fund	–1.8	18.6	417
• The Dreyfus Leverage Fund	14.8	17.4	398
The Dreyfus Special Income Fund	10.0	12.3	92
The Dreyfus Third Century Fund	11.5	19.8	133
• Eagle Growth Shares	7.3	NA	5
• Eaton & Howard Balanced Fund	13.0	11.0	87
• Eaton & Howard Stock Fund	14.8	11.7	67
• Eaton Vance Growth Fund	10.9	15.8	65
• Eaton Vance High Yield	17.5	10.4	22
• Eaton Vance Income Fund of Boston	17.4	NA	36
• Eaton Vance Investors Fund	14.4	15.1	147
• Eaton Vance Special Equities	6.8	17.9	47
Energy & Utility Shares	24.0	NA	9
Energy Fund	6.1	16.7	338
The Evergreen Fund	9.1	30.3	239
Explorer Fund	–4.8	20.4	276
• Fairfield Fund	2.1	15.5	50
Fasso Associates Growth Fund	6.2	NA	44

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 ($ mil)
Fidelity Contrafund	9.5%	14.9%	$ 81
• Fidelity Destiny Fund	14.0	26.4	597
• Fidelity Equity-Income Fund	16.8	24.4	1,064
Fidelity Fund	12.4	15.9	615
• Fidelity Magellan Fund	13.4	34.1	1,892
Fidelity Puritan Fund	15.0	17.4	841
Fidelity Trend Fund	9.5	13.9	625
Financial Dynamics Fund	0.7	17.0	73
Financial Industrial Fund	12.1	17.2	329
Financial Industrial Income Fund	15.1	18.4	202
• First Investors Discovery Fund	–16.8	16.1	44
• First Investors Fund for Growth	–11.1	12.2	79
• First Investors Natural Resources Fund	–31.7	2.7	11
• First Investors Option Fund	0.8	NA	134
The 44 Wall Street Fund	–30.8	19.2	107
Founders Growth Fund	5.5	14.4	43
Founders Income Fund	11.1	14.5	7
Founders Mutual Fund	11.1	12.3	138
Founders Special Fund	4.1	14.3	119
• FPA Capital Fund	7.0	9.6	38
• FPA Paramount Fund	13.5	21.2	119
• Franklin Custodian Dynatech Series	0.5	18.3	47
• Franklin Custodian Growth Series	10.4	12.1	20
• Franklin Custodian Income Series	21.1	17.6	74
• Franklin Custodian Utilities Series	25.2	16.7	29
• Franklin Equity	12.1	14.0	86
• Franklin Gold Fund	–26.2	12.6	130
• Franklin Option Fund	6.2	16.1	7
• Fund of America	3.7	17.5	148
• Fund of the Southwest	3.1	NA	8
• Fundamental Investors	16.5	15.2	378
Gateway Option Income Fund	8.4	NA	24
General Securities	9.3	17.6	12
• The Greenway Fund	–5.3	NA	4
• Growth Fund of America	5.5	22.3	484
Growth Industry Shares	2.3	17.1	82
GT Pacific Fund	8.4	NA	43
Guardian Mutual Fund	13.6	19.9	353
• The Guardian Park Ave Fund	14.8	NA	57
• Hamilton Funds	8.8	11.3	196
• John Hancock Growth Fund	6.4	13.2	54
Hartwell Growth Fund	–5.1	19.8	11
Hartwell Leverage Fund	–4.6	19.5	40
• IDS Growth Fund	–4.5	20.4	631
• IDS Mutual	18.6	13.3	1,044
• IDS New Dimensions Fund	3.8	18.0	352
• IDS Progressive Fund	1.6	16.1	161
• IDS Stock Fund	10.0	13.4	1,360

*Total return, including reinvested dividends, through 12/31/84. • load. NA: Not available. *Source: CDA Investment Technologies.*

The Funds

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 ($mil)
• IDS Variable Payment Fund	5.7%	12.5%	$330
• Income Fund of America	17.5	16.5	289
• International Investors	–24.0	14.0	867
• The Investment Co of America	13.0	17.3	2,361
• Investment Trust of Boston	9.6	12.3	55
• Investors Research Fund	6.4	17.5	40
• ISI Growth Fund	5.9	11.2	14
• ISI Income Fund	13.8	9.8	4
• ISI Trust Fund	7.8	8.8	306
Ivest Fund	2.6	10.1	67
Ivest Fund	4.7	15.2	178
Ivy Growth Fund	14.1	18.0	62
Janus Fund	6.2	19.4	318
• JP Growth Fund	11.4	16.8	18
• Kemper Growth Fund	2.6	19.5	236
• Kemper Option Income Fund	6.7	NA	526
• Kemper Summit Fund	8.1	23.4	193
• Kemper Total Return Fund	6.8	18.9	372
Keystone Custodian Funds K-1	8.5	13.2	67
Keystone Custodian Funds K-2	6.8	11.9	180
Keystone Custodian Funds S-1	3.3	8.7	69
Keystone Custodian Funds S-3	4.9	16.4	180
Keystone Custodian Funds S-4	–0.1	17.9	566
Keystone International Fund	2.6	10.6	28
Keystone Precious Metals	–28.4	NA	51
Lehman Capital Fund	4.0	NA	108
Lehman Investors Fund	8.2	15.1	354
Lexington Growth Fund	9.5	17.4	26
Lexington Research Fund	10.3	15.2	103
Lindner Fund	9.5	NA	349
Loomis-Sayles Capital Development	6.7	20.5	129
Loomis-Sayles Mutual Fund	15.8	12.2	87
• Lord Abbett Develop Growth	–3.0	NA	324
• Lord Abbett Income Fund	14.5	13.7	50
• Magna Income Trust	15.1	12.8	9
• MagnaCap Fund	15.7	16.5	12
Main & Power Growth Fund	8.2	NA	18
Manhattan Fund	12.7	14.4	77
Mercer Manus Growth Fund	8.3	12.8	67
• Mass Capital Development Fund	3.9	12.8	646
• Mass Financial Development Fund	9.0	17.0	194
• Mass Income Development Fund	14.1	14.5	194
• Mass Investors Growth Stock Fund	6.3	13.1	855
• Mass Investors Trust	11.3	13.5	1,060
Mathers Fund	9.2	22.1	194
• Merrill Lynch Basic Value Fund	12.5	NA	288
• Merrill Lynch Capital Fund	16.0	NA	283
• Merrill Lynch Eqty-Fund A Fund	13.8	NA	44
• Merrill Pacific Fund	11.9%	NA	$100
• MidAmerica High Growth Fund	4.3	NA	13
• MidAmerica Mutual Fund	14.8	15.5%	29
WL Morgan Growth Fund	6.4	17.9	443
• Mutual Benefit Fund	8.8	NA	10
Mutual of Omaha Growth Fund	5.1	8.9	14
• Mutual of Omaha Income Fund	12.9	12.8	49
Mutual Shares	8.3	24.8	487
Nasa & Thomas Special Fund	–8.1	NA	17
• National Aviation & Technology	11.0	NA	79
• National Growth Fund	2.5	10.2	72
• National Income Fund	12.6	17.1	56
National Industries Fund	10.9	12.9	29
• National Stock Fund	13.9	15.9	215
• National Total Return Fund	12.7	18.6	142
• Nationwide Fund	10.3	12.8	327
• Nationwide Growth Fund	10.9	17.6	62
• Nation-Wide Securities	17.1	15.0	35
• NEL Equity Fund	13.6	15.8	18
• NEL Growth Fund	7.1	20.9	177
• NEL Retirement Equity Fund	9.0	15.1	65
Newalth Fund	8.5	13.0	20
• New Perspective Fund	7.7	17.7	610
• New York Venture Fund	12.2	19.5	97
Newton Growth Fund	1.8	14.8	33
Newton Income Fund	9.8	10.2	5
Nicholas Fund	13.7	25.5	200
Nicholas Income Fund	14.9	9.9	16
North Star Stock Fund	12.7	NA	51
• Old Dominion Investors' Trust	8.6	NA	4
Omega Fund	18.5	13.6	24
The One Hundred Fund	–4.6	9.6	10
• Oppenheimer AIM Fund	–8.7	15.6	247
• Oppenheimer Equity Income Fund	13.2	20.6	78
• Oppenheimer Fund	5.0	10.9	251
• Oppenheimer Premium Income Fund	2.6	NA	133
• Oppenheimer Special Fund	6.3	NA	140
• Oppenheimer Time Fund	4.9	23.6	128
• Over-The-Counter Securities Fund	4.3	23.4	84
Pacesetter Fund	13.0	20.3	161
Penn Square Mutual Fund	6.8	16.8	172
Pennsylvania Mutual Fund	8.0	31.6	203
• Philadelphia Fund	5.2	17.0	105
• Phoenix Convertible Fund Series	9.3	NA	62
• Pilgrim Fund	12.0	17.4	36
• Pine Fund	5.3	14.6	60
Pine Street Fund	14.0	14.0	43
• Pioneer Fund	20.5	17.3	1,339

*Total return, including reinvested dividends, through 12/31/84. • load. NA: Not available. *Source: CDA Investment Technologies*

The Funds

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 (mil)
• Pioneer II	9.0%	25.6%	$1,374
Pilgrim Fund	9.0	21.6	61
T Rowe Price Growth Stock Fund	10.9	10.0	960
T Rowe Price New Era Fund	8.1	15.9	480
T Rowe Price New Horizons Fund	0.6	18.8	1,374
[illegible]	[illegible]	[illegible]	[illegible]
• [illegible]	7.5	15.6	104
• [illegible]	11.1	NA	52
• [illegible]	14.2	13.3	274
• [illegible]	11.6	14.6	770
• The Putnam Income Fund	17.7	10.8	146
• Putnam International Equities	6.1	15.7	47
• Putnam Investors Fund	9.9	14.2	1,007
• Putnam Option Income Trust	11.1	NA	620
• Putnam Vista Fund	10.9	18.6	153
• [illegible]	9.6	19.4	221
Quasar Associates	4.4	NA	49
SAFECO Equity Fund	10.9	17.5	32
SAFECO Growth Fund	7.6	23.7	64
SAFECO Income Fund	13.5	NA	20
• St Paul Capital Fund	7.9	17.4	66
• St Paul Growth Fund	3.3	21.9	84
Scudder Capital Growth Fund	6.7	NA	236
Scudder Development Fund	0.1	24.7	221
Scudder Growth & Income	10.2	14.3	232
Scudder Income Fund	16.0	10.4	113
Scudder International Fund	1.8	12.2	172
• Security Equity Fund	10.2	17.1	228
• Security Investment Fund	1.7	15.8	107
• Security Ultra Fund	7.9	24.5	100
Selected American Shares	13.0	13.7	82
Selected Special Shares	5.6	10.4	33
• Seligman Capital Fund	5.0	22.7	155
• Seligman Common Stock Fund	14.9	16.7	399
• Seligman Growth Fund	6.6	13.2	596
• Seligman Income Fund	17.7	10.3	77
• Sentinel Balanced Fund	17.5	13.5	14
• Sentinel Common Stock Fund	13.1	16.8	337
• Sentinel Growth Fund	10.0	14.6	38
• Sentry Fund	11.7	16.5	30
Sequoia Fund	12.6	28.6	417
• The Sherman Appreciation Fund	9.6	17.9	115
Sherman, Dean Fund	–24.6	9.4	4
Sierra Growth Fund	–6.8	NA	6
• Sigma Capital Shares	10.3	22.1	41
• Sigma Investment Shares	14.9	16.0	58
• Sigma Special Fund	3.3	17.2	16
• Sigma Trust Shares	14.9	14.0	26

Fund	Return* 6 mos	Return* 10 yrs (annualized)	Assets 9/30/84 (mil)
• Sigma Venture Shares	3.0%	26.2%	$57
Smith, Barney Equity Fund	5.3	14.8	58
• Smith, Barney Income & Growth	13.6	19.0	10
• SoGen International Fund	5.2	16.9	42
Southwestern Investors Income	13.5	10.6	9
• Sovereign Investors	14.8	16.2	15
• State Bond Common Stock Fund	8.9	10.5	29
• State Bond Diversified Fund	11.4	13.5	10
• State Bond Progress Fund	0.6	12.7	7
• State Street Investment Corp	7.2	15.3	459
Steadman American Industry Fund	–9.5	4.2	9
Steadman Investment Fund	3.2	6.7	10
Steadman Oceanographic Fund	–2.5	5.4	7
Stein Roe & Farnham Cap Opportunity	–4.2	18.5	233
Stein Roe & Farnham Stock Fund	6.4	13.4	222
SteinRoe Total Return Fund	12.5	11.0	92
Stratton Growth Fund	7.1	17.0	13
• Surveyor Fund	0.9	13.3	89
• Technology Fund	6.0	17.0	621
• Templeton Growth Fund	8.5	21.5	961
• Templeton World Fund	10.2	NA	1,270
Tudor Fund	6.9	21.6	90
Transatlantic Fund	–0.8	NA	30
20th Century Growth Investors	6.1	29.4	678
20th Century Select Investors	8.7	29.2	838
Unified Mutual Shares	14.8	14.2	9
• United Accumulative Fund	13.0	16.2	490
• United Continental Income Fund	18.5	15.3	50
• United Income Fund	15.7	14.3	514
• United International Growth Fund	5.2	15.7	100
• United Science & Energy Fund	3.2	13.5	161
United Services Gold Shares	–32.0	9.5	409
• United Vanguard Fund	5.1	21.9	347
The Value Line Fund	4.1	19.2	174
The Value Line Income Fund	14.0	19.1	117
Value Line Leveraged Growth Investors	9.2	27.0	196
The Value Line Special Situations	–5.3	21.9	287
• Vance, Sanders Special Fund	–1.2	22.0	122
Vanguard Index Trust	11.5	NA	264
Vanguard Qualified Div Port I	29.6	NA	77
Variable Stock Fund	8.0	NA	7
• The Wall Street Fund	7.9	11.1	6
• Washington Mutual Investors Fund	15.0	18.5	582
Weingarten Equity Fund	6.7	23.2	132
Wellesley Income Fund	19.2	13.2	108
Wellington Fund	15.7	14.3	908
Windsor Fund	22.4	23.5	2,288

*Total return, including reinvested dividends, through 12/31/84. • load. NA: Not available. *Source: CDA Investment Technologies.*